

**ND-1FA****Calculation of tax under 3-year averaging
method for elected farm income****2002**

Attach to Form ND-1

Please type or print in black or blue ink. Enter one letter or number in each box.

Your name as shown on Form ND-1

Your social security number

 - -

▶ See instructions to this schedule to see if you are eligible to use it

1. North Dakota taxable income from Form ND-1, line 13 ----- 1 , , **US Dollars**
2. Elected farm income from your 2002 Schedule J (Form 1040), line 2. If this amount includes a net long-term capital gain, see instructions to this schedule for amount to enter on this line. **Do not enter more than the amount on line 1** ----- 2 , ,
3. Subtract line 2 from line 1 ----- 3 , ,
4. Tax on the amount on line 3 from Tax Table on page 18 of 2002 Form ND-1 instructions ----- 4 , ,
5. If you used Form 37-S (Short Form) for 1999, skip lines 5 through 7, and enter zero on line 8. If you used Form 37 (Long Form) for 1999 **and** you used Schedule ND-1FA to calculate your tax for 2001, enter the amount from the 2001 Schedule ND-1FA, Part 2, line 5, **1999 tax year** column. Otherwise, enter the taxable income from your 1999 Form 37, Tax Computation Schedule, line 1 ----- 5 , , *If line 5 is zero or less, see instructions.*
6. Divide the amount on **line 2** by **3.0** ----- 6 , ,
7. Add lines 5 and 6. *If less than zero, enter zero* ----- 7 , ,
8. Tax on the amount on line 7 using the **Form 37 and Form ND-2 Tax Rate Table** in the instructions ----- 8 , ,
9. If you used Form 37-S (Short Form) for 2000, skip lines 9 through 11, and enter zero on line 12. If you used Form 37 (Long Form) for 2000 **and** you used Schedule ND-1FA to calculate your tax for 2001, enter the amount from the 2001 Schedule ND-1FA, Part 2, line 5, **2000 tax year** column. Otherwise, enter the taxable income from your 2000 Form 37, Tax Computation Schedule, line 1 ----- 9 , , *If line 9 is zero or less, see instructions.*
10. Divide the amount on line 2 by 3.0 ----- 10 , ,
11. Add lines 9 and 10. *If less than zero, enter negative number* ----- 11 , ,
12. Tax on the amount on line 11 using the **Form 37 and Form ND-2 Tax Rate Table** in the instructions ----- 12 , ,
13. If you used Schedule ND-1FA to calculate your tax on your 2001 Form ND-1, enter the amount from Part 1, line 3, of that schedule. If you used Form ND-1 for 2001 but did not use Schedule ND-1FA, enter the taxable income from your 2001 Form ND-1, line 13. If you used Form ND-2 for 2001, enter the taxable income from your 2001 Form ND-2, Tax Computation Schedule, line 1 ----- 13 , , *If line 13 is zero or less, see instructions.*
14. Divide the amount on line 2 by 3.0 ----- 14 , ,
15. Add lines 13 and 14. *If less than zero, enter negative number* ----- 15 , ,
16. If you used Form ND-1 for 2001, enter tax on the amount on line 15 using the **2001 Form ND-1 Tax Rate Schedules** in the instructions. If you used Form ND-2 for 2001, enter tax on the amount on line 15 using the **Form 37 and Form ND-2 Tax Rate Table** in the instructions ----- 16 , ,
17. Add lines 4, 8, 12 and 16. **Enter this amount on page 2, line 18** ----- 17 , ,



18. Enter the amount from page 1, line 17 ----- 18

,

,

 .

19. If you used Form 37-S (Short Form) for 1999, enter zero.

If you used Form 37 (Long Form) for 1999 **and** you used Schedule ND-1FA to calculate your tax for 2001, enter the tax from the 2001 Schedule ND-1FA, Part 2, line 7, **1999 tax year** column. Otherwise, enter the tax from your

1999 Form 37, Tax Computation Schedule, line 2 ----- 19

,

,

 .

20. If you used Form 37-S (Short Form) for 2000, enter zero.

If you used Form 37 (Long Form) for 2000 **and** you used Schedule ND-1FA to calculate your tax for 2001, enter the amount from the 2001 Schedule ND-1FA, Part 2, line 7, **2000 tax year** column. Otherwise, enter the tax from your

2000 Form 37, Tax Computation Schedule, line 2 ----- 20

,

,

 .

21. If you used Schedule ND-1FA to calculate the tax on your 2001 Form ND-1, enter the tax from Part 1, line 4, of that schedule. If you used Form ND-1 for 2001 but did not use Schedule ND-1FA, enter the tax from your 2001 Form ND-1, line 14. If you used Form ND-2 for 2001, enter the tax from your 2001 Form ND-2, Tax Computation Schedule, line 2 -----

21

,

,

 .

22. Add lines 19, 20, and 21 ----- 22

,

,

 .

23. Subtract line 22 from line 18 ----- 23

,

,

 .

► **If you used Form 37-S (Short Form) for 1999 or 2000, complete lines 24 through 27. Otherwise, skip lines 24 through 27, and go to line 28.**

24. **If you used Form 37-S (Short Form) for 1999**, enter the amount from the 2002 Schedule J (Form 1040), line 8 less line 18. Otherwise, enter zero -----

24

,

,

 .

25. **If you used Form 37-S (Short Form) for 2000**, enter the amount from the 2002 Schedule J (Form 1040), line 12 less line 19. Otherwise, enter zero -----

25

,

,

 .

26. Add lines 24 and 25 ----- 26

,

,

 .

27. Multiply line 26 by 14% (.14) ----- 27

,

,

 .

28. Add lines 23 and 27. If you are a **full-year resident**, enter the amount from this line on Form ND-1, line 14. If you are a **full-year nonresident** or **part-year resident**, enter the amount from this line on Schedule ND-1NR, line 21 -----

(F1) 28

,

,

 .

► **Caution:** If you are a full-year resident, the tax on line 28 may be higher than the tax calculated on all of your income (including your farm income) using the regular method. Attach this schedule to your Form ND-1 **only if** you are electing to pay the tax calculated on it.

If you are a full-year nonresident or a part-year resident, you must enter the amount from line 28 of this schedule on Schedule ND-1NR, line 21. Then, complete the remainder of Schedule ND-1NR to determine your actual North Dakota income tax. The tax based on the use of Schedule ND-1FA may be higher than the tax calculated using the regular method. Attach this schedule to your Form ND-1 only if you are electing to pay the tax calculated on Schedule ND-1NR resulting from the use of Schedule ND-1FA.

General instructions

Eligibility

You are eligible to use Schedule ND-1FA to calculate your tax for 2002 if you used Schedule J (Form 1040) to calculate your 2002 federal income tax.

The use of Schedule ND-1FA is elective. You do not have to use it even though you used Schedule J (Form 1040) to calculate your federal income tax for 2002.

IMPORTANT: It is possible for the tax calculated using Schedule ND-1FA to be higher than the tax calculated on all of your income using the regular method (without Schedule ND-1FA). Complete and attach Schedule ND-1FA to your Form ND-1 ONLY IF you are electing to pay the tax that results from using Schedule ND-1FA.

Elected farm income

Your elected farm income for North Dakota purposes is equal to your elected farm income for federal income tax purposes as reported on Schedule J (Form 1040). However, this amount must be reduced by the portion of a North Dakota net long-term capital gain exclusion that is attributable to a net long-term capital gain included in your elected farm income for federal income tax purposes.

Copies of 1999, 2000, and 2001 returns

You will need copies of your 1999, 2000, and 2001 North Dakota income tax returns to complete the 2002 Schedule ND-1FA. If you do not have a copy of any of these returns, see the back cover of the 2002 Form ND-1 instruction booklet for information on how to obtain one.

If you filed an amended North Dakota income tax return, or if our office made changes to your North Dakota income tax return, for 1999, 2000, or 2001, you must use the corrected amounts when completing Schedule ND-1FA.

Negative North Dakota taxable income

For purposes of completing lines 5, 9, and 13 of the 2002 Schedule ND-1FA, your North Dakota taxable income may be a negative number. If you used Form 37 for 1999 or 2000, or if you used Form ND-1 or Form ND-2 for 2001, and your North Dakota taxable income for that tax year is mathematically less than zero, use the negative number for purposes of completing these lines.

This does not apply if you used Form 37-S for the 1999 or 2000 tax year.

Specific line instructions

Line 2

Enter your elected farm income from the 2002 Schedule J (Form 1040), line 2. However, if you claimed an exclusion on line 7 of your 2002 Form ND-1 relating to a net long-term capital gain included in your federal elected farm income, subtract that portion of the exclusion from your federal elected farm income and enter the result on this line.

Line 5

If you used Form 37-S for 1999, skip lines 5 through 7, and enter zero on line 8.

If you used Schedule ND-1FA to calculate your tax for 2001, enter the amount from Part 2, line 5, **1999 tax year column**, of your 2001 Schedule ND-1FA. Otherwise, enter the taxable income from your 1999 Form 37, Tax Computation Schedule, line 1. If this amount is zero or less, see **Negative North Dakota taxable income**.

Line 8

If you used Form 37-S for 1999, enter zero on this line and go to line 9.

If you used Form 37 for 1999, use the **Form 37 and Form ND-2 Tax Rate Table** on page 2 of these instructions to calculate the tax on the amount on line 7, and enter the result on this line.

Line 9

If you used Form 37-S for 2000, skip lines 9 through 11, and enter zero on line 12.

If you used Schedule ND-1FA to calculate your tax for 2001, enter the amount from Part 2, line 5, **2000 tax year column**, of your 2001 Schedule ND-1FA. Otherwise, enter the taxable income from your 2000 Form 37, Tax Computation Schedule, line 1. If this amount is zero or less, see **Negative North Dakota taxable income**.

Line 12

If you used Form 37-S for 2000, enter zero on this line and go to line 13.

If you used Form 37 for 2000, use the **Form 37 and Form ND-2 Tax Rate Table** on page 2 of these instructions to calculate the tax on the amount on line 11, and enter the result on this line.

Line 13

If you used Schedule ND-1FA to calculate your tax for 2001, enter the amount from Part 1, line 3, of your 2001 Schedule ND-1FA. If you used Form ND-1 for 2001 but did not use Schedule ND-1FA, enter the taxable income from your 2001 Form ND-1, line 13. Otherwise, enter the taxable income from your 2001 Form ND-2, Tax Computation Schedule, line 1. If this amount is zero or less, see **Negative North Dakota taxable income**.

Line 16

If you used Form ND-1 for 2001, use the **2001 Form ND-1 Tax Rate Schedules** at the bottom of this page to calculate the tax on the amount on line 15, and enter the result on this line.

Line 28

Full-year resident

The amount on this line is your tax under the 3-year averaging method for elected farm income. Enter this amount on Form ND-1, line 14.

**Full-year nonresident/
Part-year resident**

The amount on this line is not your actual North Dakota income tax. You must enter this amount on Schedule ND-1NR, line 21, for purposes of calculating your North Dakota income tax.

Form 37 and Form ND-2 Tax Rate Table

If you used Form 37 for the 1999 or 2000 tax year, or if you used Form ND-2 for the 2001 tax year, use this table to calculate the tax for that tax year. See the instructions for lines 8, 12, and 16.

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 3,000	2.67% of the amount on line 5 of Part 2
3,000	5,000	\$ 80.10 + 4.00% of the amount over \$ 3,000
5,000	8,000	160.10 + 5.33% of the amount over 5,000
8,000	15,000	320.00 + 6.67% of the amount over 8,000
15,000	25,000	786.90 + 8.00% of the amount over 15,000
25,000	35,000	1,586.90 + 9.33% of the amount over 25,000
35,000	50,000	2,519.90 + 10.67% of the amount over 35,000
50,000		4,120.40 + 12.00% of the amount over 50,000

2001 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2001 tax year, use these tax rate schedules to calculate the tax to enter on line 16. Use the schedule that corresponds to your filing status for the 2001 tax year.

Single

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 27,050	2.1% of the amount on line 5 of Part 2
27,050	65,550	\$ 568.05 + 3.92% of amount over \$ 27,050
65,550	136,750	2,077.25 + 4.34% of amount over 65,550
136,750	297,350	5,167.33 + 5.04% of amount over 136,750
297,350		13,261.57 + 5.54% of amount over 297,350

Married filing jointly and Qualifying widow(er)

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 45,200	2.1% of the amount on line 5 of Part 2
45,200	109,250	\$ 949.20 + 3.92% of amount over \$ 45,200
109,250	166,500	3,459.96 + 4.34% of amount over 109,250
166,500	297,350	5,944.61 + 5.04% of amount over 166,500
297,350		12,539.45 + 5.54% of amount over 297,350

Married filing separately

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 22,600	2.1% of the amount on line 5 of Part 2
22,600	54,625	\$ 474.60 + 3.92% of amount over \$ 22,600
54,625	83,250	1,729.98 + 4.34% of amount over 54,625
83,250	148,675	2,972.31 + 5.04% of amount over 83,250
148,675		6,269.73 + 5.54% of amount over 148,675

Head of Household

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 36,250	2.1% of the amount on line 5 of Part 2
36,250	93,650	\$ 761.25 + 3.92% of amount over \$ 36,250
93,650	151,650	3,011.33 + 4.34% of amount over 93,650
151,650	297,350	5,528.53 + 5.04% of amount over 151,650
297,350		12,871.81 + 5.54% of amount over 297,350